Government of Saskatchewan

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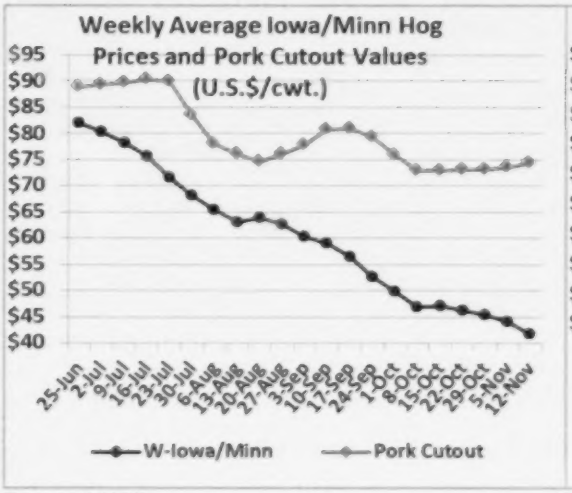
Weekly Hog Report

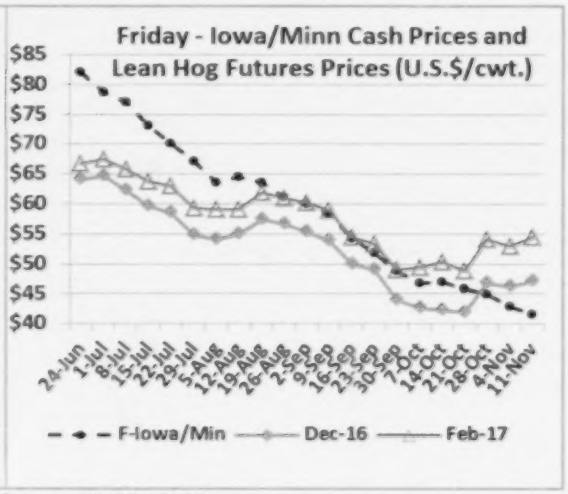
November 14, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) were mixed over the week but ended lower, week-over-week. Hog prices on Thursday November 10 averaged US$41.63 per cwt, down US$1.08 per cwt or 2.5 per cent from US$42.71 per cwt the previous Friday. The negotiated weekly base price last week averaged US$41.73 per cwt, down US$2.35 per cwt or 5.3 per cent from US$44.08 per cwt the previous week. The price spread between the weekly slaughter weight cash hog price and the national pork cutout price continues to be large increasing to over US$32 per cwt last week.



Source: LMIC



Source: LMIC, CME

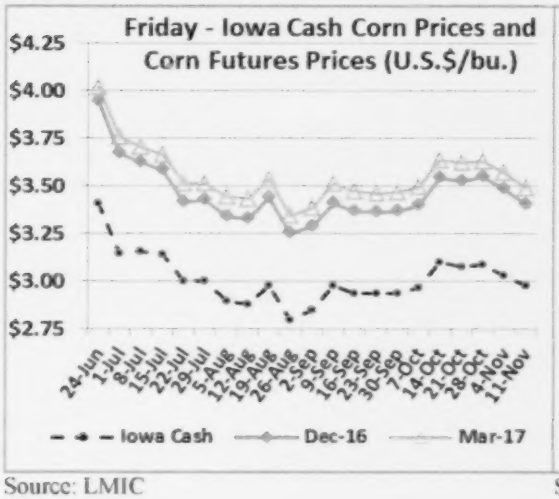
In Canada, the new contract Signature#5 (Maple Leaf) Index 100 daily price for Thursday November 10, 2016 was $113.46 per ckg, down $3.92 per ckg from $117.38 per ckg the previous Friday. Signature#5 weekly prices (Friday to Thursday) averaged $114.66 per ckg, down $3.82 per ckg from the previous weeks' average price of $118.48 per ckg. The Canadian dollar edged lower again last week to close Friday at 74.17 cents, down 0.44 cents from 74.61 cents the previous Friday.

Futures Markets

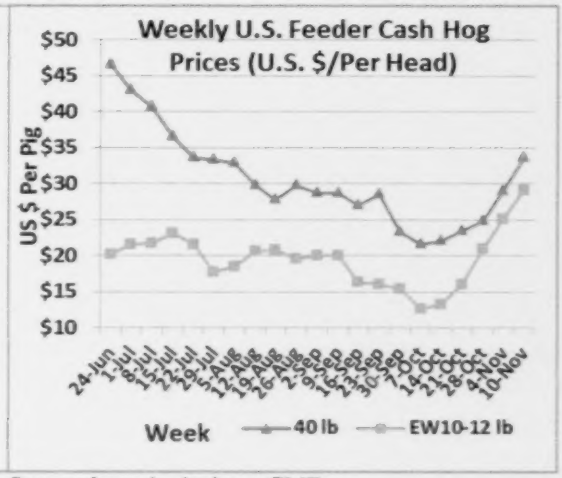
United States lean hog futures daily prices were mixed over the week but primarily higher to move higher; week-over-week. The nearby December contract increased US$0.975 per cwt to settle Friday at US$47.125 per cwt. The February 2017 lean hog futures contract increased US$1.375 per cwt last week to settle Friday at US$54.350 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices moved higher again last week. Weighted average cash prices for iso-weans (12lb) last week were US$29.06 per head, up US$3.92 per head from US$25.14 per head the previous week. Feeders (40lb) averaged US$33.51 per head, up US$4.55 per head from US$28.96 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices were lower last week. Iowa cash corn prices declined five cents last week to settle Thursday at US$2.98 per bushel. Daily U.S. corn futures prices were mixed over the week with bigger losses Wednesday to push prices lower, week-over-week. The Dec. 2016 corn futures contract declined over eight cents to settle Friday at US$3.40 ¼ per bushel, while the March 2017 corn contract declined over eight cents per bushel to settle Friday at US$3.49 per bushel. USDA revised the current corn crop estimates higher on Wednesday pushing corn futures prices noticeably lower.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending November 12 were estimated at 2.452 million head, down 3.2 per cent from 2.532 million head the previous week, but up 2.5 per cent from 2.393 million head the same week a year ago. U.S. weekly hog slaughter numbers over the last four weeks ending November 12 averaged 2.479 million head per week, up 6.3 per cent from 2.332 million head the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending Nov. 5, 2016 were estimated at 450,419 head, down 0.99 per cent from 454,893 head the previous week, but up 6.2 per cent from 424,175 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 432,599 head, up 6.2 per cent from 424,175 head over the same period in 2015. Year-to-date for 2016, hogs slaughtered in Canada totaled 17,968,267 head, up 2.1 per cent from 17,600,511 head the same period in 2015. (Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

Meat Production

U.S. pork production for the week ending November 12, 2016 was estimated at 517.0 million lb., down 2.6 per cent from 531.0 million lb. the previous week, but up 1.0 per cent from 512.0 million lb. the same week a year ago. Pork production over the last four week's ending November 12 was estimated to average 522.2 million lb., up 5.1 per cent from 497.0 million lb. over the same four week period a year ago.

U.S. beef production for the week ending November 12 was estimated at 512.8 million lb., up 0.7 per cent from 509.3 million lb. the previous week, and up 8.9 per cent from 471.1 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending November 5, 2016, was estimated to average 2.158 billion lb., up 2.75 per cent from 2.101 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.66 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Nov. 5) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	491.7	514.2	4.6%	1.2%
Beef	475.4	509.1	7.1%	5.1%
Chicken	989.1	993.6	0.5%	1.9%
Turkey	144.6	141.6	-2.1%	4.7%
Total	**2,100.8**	**2,158.5**	**2.75%**	**2.66%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending November 12, 2016 averaged US$74.27 per cwt, up US$0.71 per cwt or 1.0 per cent from US$73.56 per cwt the previous week, but down 1.3 per cent from US$75.26 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending November 12, 2016 averaged US$185.47 per cwt over the week, down US$1.56 per cwt or 0.8 per cent from US$187.03 per cwt the previous week, and down 13.2 per cent from US$213.79 per cwt the same week a year ago.

Average chicken cutout values (breast) for the week ending November 12, 2016 averaged US$101.26 per cwt, up US$0.56 per cwt or 0.6 per cent from US$100.70 per cwt the previous week, but down 4.5 per cent from US$106.07 per cwt the same week a year ago.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On November 9, the USDA released the November World Agricultural Supply and Demand Estimates (WASDE). U.S corn yield for 2016/17 was increased by 1.9 bushels per acre from 173.4 bushels per acre from the October estimates to 175.3 bushels per acre in the November estimates. Total corn production estimates for November were increased 169 million bushels to 15.226 billion bushels. Exports were left the same while domestic corn usage increased by 84 million bushels helping to minimize ending stock increases by 83 million bushels (+3.6 per cent) to 2.403 billion bushels. U.S. corn price estimates were increased by five cents per bushel to range from US$3.00 to US$3.60 per bushel.

The November USDA WASDE report revised the 2016 United States Red Meat and Poultry production slightly higher to 97.513 billion lb. from the October estimates. United States meat production for 2016 are estimated to be 3.0 per cent higher compared to 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+7.0%) and beef (+5.7%), followed by pork (+1.8%) and broilers (+1.7%). Beef production estimates for 2016 are estimated at 25.055 billion lb. in November, up 0.35 per cent from the October estimates.

U.S. Red Meat and Poultry production for 2017 is expected to further increase from the current 2016 projections by an estimated 2.9 billion lb. (3 per cent) to reach 100.4 billion lb. of meat production. Beef production is now expect to lead the way in 2017 with increases of 4.4 per cent, followed by pork (+3.4 per cent), and broilers (+2.0 per cent). (Source: USDA WASDE)

USDA November World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
% Chg.	**2014-2015**	**-2.28%**	**7.26%**	**3.89%**	**-2.24%**	**2.67%**
2016	Oct. Proj.	24,967	24,912	40,742	6,060	97,439
2016	**Nov. Proj.**	**25,055**	**24,946**	**40,725**	**6,020**	**97,513**
% Chg.	Oct.-Nov./16	0.35%	0.14%	-0.04%	-0.66%	**0.08%**
% Chg.	**2015-2016**	**5.73%**	**1.82%**	**1.69%**	**6.98%**	**3.05%**
2017	**Nov. Proj.**	**26,160**	**25,800**	**41,550**	**6,135**	**100,430**
% Chg.	**2016-2017**	**4.41%**	**3.42%**	**2.03%**	**1.91%**	**2.99%**

Source: USDA November WASDE Report, November 9, 2016

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